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Message Text

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14
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 EB-11

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FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 0133

C O N F I D E N T I A L BUDAPEST 3097

E.O. 11652: GDS
TAGS: PFOR, BEXP, ETRD, HU
SUBJECT: CONVERSATION WITH PRESIDENT LOSONCZI

1. IN PRIVATE CONVERSATION FOLLOWING MY PRESENTATION OF CREDENTIALS THIS MORNING, PRESIDENT LOSONCZI'S MAIN EMPHASIS WAS UPON CONTINUED DESIRE TO IMPROVE US-HUNGARIAN RELATIONS, ESPECIALLY IN ECONOMIC AND TRADE FIELDS.

2. DURING HIS FORMAL STATEMENT (TEXT REPEATED SEPARATELY) HE NOTED RESULTS ACHIEVED IN IMPROVEMENT OF RELATIONS WERE ALEADY SIGNIFICANT AND THAT AN ADEQUATE BASIS HAS BEEN PROVIDED "FOR AN EARLY AND MUTUALLY BENEFICIAL SOLUTION OF THE ISSUES UNSETTLED THUS FAR."

3. HE PURSUED SAME THEME IN PRIVATE TALK. FOLLOWING POINTS WERE OF PARTICULAR INTEREST:

(1) HE EXPRESSED APPRECIATION OF EFFORTS PRESIDENT NIXON AND US WERE MAKING TOWARD DETENTE; THIS ESPECIALLY SIGNIFICANT BECAUSE OF IMPORTANT EFFECT US HAS IN WORLD POLITICS.

(2) NOTED THAT IMPROVEMENT IN US-HUNGARIAN RELATIONS WAS LARGELY MADE POSSIBLE BY GENERAL IMPROVEMENT IN EAST-WEST RELATIONS (I.E. WITH USSR).
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(3) OBSERVED THAT HUNGARY WANTED TO CONTINUE TO IMPROVE TIES WITH US, ESPECIALLY IN ECONOMIC AND TRADE FIELDS. IN THIS CONNECTION "DISCRIMINATIONS" AGAINST HUNGARY NEEDED TO BE REMOVED.

(4) HE VERY MUCH WELCOMED SECRETARY DENT'S FORTHCOMING VISIT, WHICH HE HOPED WOULD MAKE CONTRIBUTION TO ECONOMIC RELATIONSCOMPARABLE TO THAT SECRETARY ROGERS' VISIT HAD IN POLITICAL RELATIONS.

(5) SAID HUNGARY ATTACHED CONSIDERABLE IMPORTANCE TO CSCE AND THAT IF SECOND PHASE APPROACHED WITH SAME SPIRIT AS FIRST HE HOPED IT COULD LEAD TO CONSIDERABLE PROGRESS.

4. I REPLIED THAT US WANTED TO CONTINUE TO MAKE PROGRESS TOWARD IMPROVED RELATIONS. I HAD CONSULTED WIDELY IN EXECUTIVE BRANCH, CONGRESS AND AMONG BUSINESS LEADERS BEFORE COMING AND HAD FOUND WIDESPREAD GOODWILL TOWARD HUNGARY.

5. WE WERE PLEASED SECRETARY DENT WOULD SOON BE ABLE TO VISIT BUDAPEST. HE WOULD BE ABLE TO CONVEY LATEST INFORMATION ON OUR EFFORTS TOOBTAIN TRADE BILL AUTHORITY,INCLUDING MFN, FROM CONGRESS. WITHIN LAST FEW DAYS BOTH SECRETARY SCHULTZ AND PRESIDENT HAD AGAIN SPOKEN OUT IN ITS SUPPORT. WE COULD NOT, OF COURSE, NEGOTIATE UNTIL AUTHORITY RECEIVED, BUT SECRETARY DENT WOULD BE ABLE TO GIVE THEM BEST IMPRESSION OF WHERE WE STOOD.

6. IN MEANTIME WE HAD GIVEN THEM LATEST TEXT OF CULTURAL CONVENTION AND I HOPED WE COULD PROCEED WITH ITS NEGOTIA-TION. ALSO REFERRED TO OUR OWN STRONG INTEREST IN CSCE AND OUR HOPE THAT WE HAD SET IN MOTION PROCESS UNDER WHICH IN TIME IT WOULD BE POSSIBLE TO THINK OF EUROPE AGAIN AS A WHOLE.

7. LOSONCZI HAD ALSO REFERRED TO FACT PROBLEMS BETWEEN OUR TWO COUNTRIES WERE OF QUITE DIFFERENT, AND LESSER, CHARACTER THAN THOSE OF FEW YEARS AGO. I NOTED PRINCIPAL CONFIDENTIAL

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MATTER WE WERE NOW CONSIDERING WAS TRADE LEGISLATION WHILE PRINCIPAL PROBLEM WHICH STILL NEEDED EXAMINATION ON THEIR SIDE WAS ROLE OF THEIR UNIT IN VIETNAM, OBSERVING THAT THESE WERE IMPORTANT MATTERS BUT AGREEING THAT THEY WERE QUITE DIFFERENT IN CHARACTER THAN PREVIOUS ISSUES BETWEEN US AND HUNGARY I HAD DELAT WITH STARTING IN 1956.

8. LOSONCZI WAS MOST CORDIAL THROUGHOUT AND TWICE

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OFFERED ASSISTANCE OF HIS OFFICE WHENEVER I SHOULD NEED
IT. UNDERSECRETARY NAGY OF FONMIN AND PRESIDENTIAL
COUNCIL SECRETARY CZETERKI ATTENDED THE MEETING.
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